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For socioeconomic considerations the study area is defined as the proposed ROW boundaries of the line segments, as well as nearby adjacent lands.

The only portion of the project that crosses lands within Douglas County is the fiber optic line for roughly 5 miles. No socioeconomic issues would arise and no impacts would occur since the fiber optic line would be installed on existing structures and construction equipment would use existing roads.

Data sources for population statistics included in this section include the Washington State Office of Financial Management and the U.S. Census Bureau. Estimates for 2000 statistics are used unless otherwise noted.

3.8 Socioeconomics

The rural character of central Washington is linked to the local socioeconomics. Agriculture is an important industry sector that influences local economies as well as demographic composition. Correspondingly, the booms and busts of agriculture-dependent industries are reflected in population and economic growth of the area. Other industries important to the area include service, retail trade, and manufacturing sectors. Kittitas, Grant, Yakima, and Benton Counties, in general, are less racially diverse, have lower per capita and median household incomes, and have a lower percentage of income derived from work earnings than the state.

In Kittitas County, the study area is comprised of rural-agricultural and grazing land uses on private lands and military exercises at the YTC. Segment B is mostly contained within the YTC with a small portion crossing private, undeveloped shrub-steppe lands. Segments that cross Grant County are a mix of developed agricultural and grazing lands, undeveloped private lands, BLM- and DNR-administered lands, and the Saddle Mountain Unit of the Hanford Reach National Monument. Benton County is crossed by segments on the Hanford Site as well as on private lands that are a mix of grazing or undeveloped lands. (See Section 3.7, *Land Use*, for more detail.)

3.8.1 Population

The population within the study area is primarily located in sparsely populated rural areas. In Grant and Kittitas Counties, population densities per square mile are 27.9 and 14.5, respectively, compared to the statewide density of 88.5 per square mile. These densities are representative of the portions of private lands in Grant and Kittitas Counties within the study area and are similarly representative of the private lands crossed in Benton and Yakima Counties. Public lands are predominantly uninhabited in the study area. Over half the population of Grant and Kittitas Counties live in rural areas. Similarly, the study area within Benton and Yakima Counties lies within rural areas, which are considerable distances away from the cities of Yakima, Richland, and Kennewick. No urban areas lie within the study area. Nearby population centers include Ellensburg (estimated population 15,460) and Mattawa (estimated population 2,820). (Data sources include the U.S. Census Bureau, 2000 Census of Population and Housing, Washington, D.C., and the Washington State Office of Financial Management. Population Trends 2001. Olympia, WA).

Caucasians comprise 86 percent of Benton County, 77 percent of Grant County, 92 percent of Kittitas County, and 66 percent of Yakima County populations. In comparison, the state population is 82 percent Caucasian. A high proportion of people identified

themselves as belonging to a race other than White/Caucasian, Black/African American, Indian/Eskimo/Aleut, Asian, Pacific Islander, or two or more races in the 2000 Census. Four percent of the state population identified themselves as belonging to "Other," whereas the study area population widely differed in their selection of this category: 7 percent in Benton County, 17 percent in Grant County, 2 percent in Kittitas County, and 24 percent in Yakima County. In addition, Native Americans form nearly 5 percent of the Yakima County population as compared to less than 2 percent across the state.

Hispanic origin varies greatly across the area: 13 percent of Benton County, 30 percent of Grant County, 5 percent of Kittitas County, and 36 percent of Yakima County as compared to a statewide composition of 8 percent.

Washington State has experienced steady population growth over the last fifty years, averaging nearly 20 percent increases each decade. Population growth within the study area, however, has not been as stable or positive (Table 3.8-1, *Population Growth for Washington State and Affected Counties, 1950-2000*). The fluctuation in county populations tends to be linked to boom and bust cycles of natural resource dependent economies as well as the policies associated with the Hanford Site in Benton County.

Table 3.8-1
Population Growth for Washington State and Affected Counties, 1950-2000

Year	Washington State		Benton County		Grant County		Kittitas County		Yakima County	
	Pop.	Percent Change	Pop.	Percent Change	Pop.	Percent Change	Pop.	Percent Change	Pop.	Percent Change
1950	2,378,963	—	51,370	—	24,346	—	22,235	—	135,723	—
1960	2,853,214	19.9	62,070	20.8	46,477	90.9	20,467	(8)	145,112	6.9
1970	3,413,244	19.6	67,540	8.8	41,881	(9.9)	25,039	22.3	145,212	0.1
1980	4,132,353	21.1	109,444	62.1	48,522	15.9	24,877	(0.7)	172,508	18.8
1990	4,866,663	17.8	112,560	2.9	54,798	12.9	26,725	7.4	188,823	9.5
2000	5,894,121	21.1	142,475	26.6	74,698	36.3	33,362	24.8	222,581	17.9

Source: Washington State Office of Financial Management, 2002

U.S. Census Bureau's 2000 census

Table has been updated for the FEIS.

3.8.2 Economy

The service, retail trade, manufacturing, and agriculture sectors drive the central Washington economy in the private industry.

Employment and income derived from government and government services also plays a major role in the local economies. In Grant and Kittitas counties, government provides 21 percent and 31 percent, respectively, of the local jobs compared to 17 percent at the state level. The value of these government jobs is critical to these counties

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Data sources for economic statistics include the Washington State Employment Security Department and the U.S. Bureau of Economic Analysis. Estimates for 2000 statistics are used unless otherwise noted.

in terms of the percent of total wage and salary earnings: 29 percent for Grant County and 44 percent for Kittitas County, compared to 17 percent for the state. Benton and Yakima counties have a slightly lesser proportion of government jobs (16 percent and 15 percent, respectively) and a slightly higher proportion of income derived from this sector (18 percent and 20 percent) than the state as a whole.

Per capita incomes in the study area are substantially lower than the \$31,230 statewide average: \$25,624 for Benton County; \$20,111 for Grant County; \$21,196 for Kittitas County; and \$22,022 for Yakima County. With the exception of Benton County, the lower per capita incomes in this area are evidence of the loss of high-paying jobs and the restructuring of resource-based industries trend throughout the Pacific Northwest since the 1980's. Benton County has a higher reliance on the high wages earned through the utilities sector, primarily those associated with the Hanford Site, to offset resource-based recessions.

Kittitas County has the lowest median household income (\$32,546) compared to \$34,828 in Yakima County, \$35,276 in Grant County, and \$47,044 in Benton County. All but one of the study area counties are lower than the state median household income of \$45,776 (based on 1999 incomes).

Earnings account for a lesser portion of local residents' income in Grant County (67 percent), Kittitas County (59 percent), and Yakima County (64 percent) than the state (73 percent). Benton County is about the same as the state. Kittitas County residents report a higher income received from dividends, interest and rent (22 percent) compared to the state (18 percent). Benton, Grant, and Yakima counties have lower or similar percentages of this income than the state.

Transfer payments in Benton County (14 percent) are comparable to the state (12 percent). Grant, Kittitas, and Yakima Counties, however, are substantially higher at 20 percent, 17 percent, and 20 percent, respectively. Higher levels of income from transfer payments and dividends, interest and rent in Kittitas County is indicative of a higher proportion of retired and semi-retired population compared to other counties and the state.

Agriculture is an important sector for Grant and Yakima Counties. In Grant and Yakima Counties, agriculture provides one out of four jobs. Wages, though, are relatively less than other industries. Jobs in agriculture account for 17 percent of the wage earnings in Grant County and 14 percent of the wage earnings in Yakima County. Agriculture is less important in Benton County and Kittitas County (4 percent and 5 percent of the total earned wages, respectively).

Unemployment rates within the study area vary dramatically. The average unemployment rate for the state in 2001 was 6.4 percent, which paralleled the 6.5 percent in Benton and Kittitas Counties. Grant County had 10.3 percent and Yakima County had 11.3 percent of its workforce unemployed in 2001. The higher rates are likely associated with the seasonal work periods in the agricultural sector, which is a primary employer in Grant and Yakima counties.

3.8.3 Taxes

The State of Washington relies on a variety of taxes to fund state and local government programs. These taxes include a combined state and local sales and use tax, a business and occupation tax and public utility tax, property tax, and several other *excise*, real estate, and estate taxes.

3.8.3.1 Retail Sales and Use Tax

A combined state and local retail sales tax is collected on the sale of tangible personal property. A use tax is assessed on the value of personal property and services for which a sales tax has not been assessed. The retail sales and use tax applies to most items purchased by consumers, but does not apply to food items or prescription drugs. Utility services and most personal services (e.g., medical, dental, legal) and real estate are not subject to these taxes. However, construction services and building materials are subject to the retail sales tax.

The amount of the retail sales and use tax varies by locality. The state tax base is 6.5 percent, in addition to which each locality can assess 0.5 to 2.1 percent additional tax. Combined state and local tax rates (2002) for the study area range from 7.6 to 8.0 percent.

As a federal agency, BPA is not subject to Washington taxes (Dittrich, 2001). However, contractors performing work for the federal government are required to pay sales or use tax on all materials incorporated into the construction project. Contractors are also required to pay sales or use tax on all consumable supplies and tools used on the project (WAC 458-20-17001).

3.8.3.2 Business and Occupation Tax and Public Utility Tax

Most businesses operating in the state are subject to the business and operation (B&O) tax. However, power, water, and gas companies and carriers by air, water, rail, and motor are taxable under the public utility tax. The B&O tax is typically assessed on the gross income or proceeds of sales or the value for privilege of doing business. Contractors doing construction work for BPA are classified as government contractors for B&O tax purposes. Contractors are subject to the B&O taxes. Typically, the measure of tax is the gross contract price (WAC 458-20-17001).

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The data source for tax information is the Washington State Department of Revenue. Tax rates indicated are for 2001 unless otherwise noted.

***Excise taxes** are internal taxes imposed on the production, sale, or consumption of a commodity or the use of a service.*

The public utility tax is typically assessed on the gross operating revenue of public and privately owned public service firms (utilities). Tax rates are based on the classification of business and utility. Utilities in the power business are taxed at a rate of 3.873 percent (Washington State DOR, 2001). The utility tax is levied on the person making the final distribution within the state. If a non-federal entity makes a charge for transmission, that charge is subject to the utility tax. BPA, as a federal agency, is exempt from this tax (Dittrich, 2001).

3.8.3.3 Property Tax

Real and personal property is subject to property tax. Real property includes land and any improvements, such as buildings, attached to the land. The primary characteristic of personal property is mobility. Examples of personal property are machinery, equipment, supplies, and furniture. Personal property tax typically applies to personal property used when conducting business.

The average property tax is a combined state and local tax. The state property tax rate is \$3.16 per \$1,000 of assessed property value (Washington State DOR, 2001). Local tax rates vary depending on regular and special levies. The state average for local property tax rates is \$12.96 per \$1,000 assessed value (Washington State DOR, 2001).

BPA acquires land rights (easements) from private property owners for building, operating, and maintaining transmission facilities with the exception of substations, which BPA acquires in fee. The easement rights are for a specific purpose, and the underlying property owner retains ownership of the property. Because the landowner retains ownership, the landowner continues to pay property tax on the entire parcel, including that within any BPA easement. Because BPA is a federal agency, and exempt from paying local property taxes, improvements owned by BPA, such as transmission facilities and any property acquired in fee for substations, would also be exempt.

BPA acquires land grants instead of easements from federal agency land managers. In the study area, federal lands include the Saddle Mountain Unit of the Hanford Reach National Monument, the Yakima Training Center, and the Hanford Site. Because federal land management agencies are also exempt from state and local property tax, no property taxes would be paid for the grants acquired on these federal lands.

3.8.3.4 Other Taxes

Various other taxes are assessed at the state levels, including excise tax on fuels, tobacco products, liquor, timber, rental cars, and others. Other local excise taxes include hotel/motel taxes and municipal business taxes and licenses. The sale of most real property is subject

to a real estate tax that is paid by the seller. Other taxes levied by the state or local municipalities include an estate and transfer tax, vehicle licensing fee, and watercraft excise tax. No personal income tax is levied in the state of Washington.

3.8.4 Property Value

Real property is assessed a value by the local county assessor. This property value is referred to as the market value or assessed value, and is defined as the amount of money that a willing buyer would pay a willing seller in an arms length transaction, and neither of whom is under any unusual pressure to buy or sell.

Washington State law (RCW 84.52) requires assessors to appraise property at 100 percent of its true and fair market value in money, according to the highest and best use of the property (Washington State DOR, 1998). Each county assessor values real property using one or more of three professional appraisal methods:

- Market or sales comparison method uses sales to provide estimates of value for similar properties.
- Cost approach method considers what it would cost to replace an existing structure with a similar one that serves the same purpose. The cost method is also used in valuing new construction.
- Income method is used primarily to value business property when the property tends to be worth its income-producing potential (Washington State DOR, 1998).

Property value is used to determine property tax. It is also used as one factor in determining the worth of the property if it is to be sold.

The only exceptions to the information cited above include Washington State law RCW 84.33 and RCW 84.34.

RCW 84.33 addresses the value for Forest land. These values are calculated rather than utilizing the market, cost or income approach to value. The factors affected value include species, stocking percentage, site index, and operability class.

RCW 84.34 addresses the value for Open Space. Two values are considered including the use value and the market value. Taxation is based on the use value, rather than the market value. These properties include agriculture, timber, and open space (a conservation type of category).